

# FISCAL NOTE

## SB 631 - HB 987

April 14, 1997

**SUMMARY OF BILL:** Requires health insurance plans and managed care organizations that restrict patient access to providers to offer a *point of service option (POS)* for mental health and substance abuse coverage. Such an option allows enrollees to choose their own provider but allows additional deductible and co-pays to be charged by the insurance company. A premium difference between the POS and regular managed care plans may be charged but the insurer must not profit to a greater amount from the POS plan than the managed care plan. A health plan may deny payment to providers or facilities for service not deemed to be clinically or medically necessary.

### ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - Exceeds \$1,000,000**  
**Increase Local Govt. Expenditures\* - Exceeds \$100,000**

Assumes that the bill would require BHOs to establish point of service options. Cost of providing such options are not now a part of contracts with BHOs. Assumes a significant cost increase in the capitated rates paid to behavior health organizations.

This bill would not directly impact the state employee health insurance plan and most local government health plans, since self-insured plans are exempted by federal law (ERISA).

Assumes some increase for local government plans not self-insured.

Assumes provisions of the bill requiring coverage by self-insured plans will not pre-empt the federal (ERISA) statute.

\*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

### CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director